

**LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE**

**OFFICE OF EMERGENCY SERVICES  
GRANT PROGRAM**

04496

Financial and Compliance Audit

For the Year Ended June 30, 2008

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LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE

OFFICE OF EMERGENCY SERVICES  
GRANT PROGRAM

Financial and Compliance Audit

Year Ended June 30, 2008

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The Executive Board  
Los Angeles Interagency Metropolitan  
Police Apprehension Crime Task Force

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT) Office of Emergency Services (OES) Grant Programs as of and for the year ended June 30, 2008, as listed in the table of contents for the grants and period as noted below.

<u>Grant Number</u>	<u>Grant Period</u>
DC07138569	07-01-07-06-30-08
AG07018569	10-01-07-09-30-08
US07018569	10-01-07-09-30-08

These financial statements are the responsibility of the L.A. IMPACT's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America and with certain provisions of the *OES Grant Recipient Handbook*. Those standards require *OES Grant Recipient Handbook* that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and result of operation of the L.A. IMPACT's OES Grant Programs as of and for the year ended June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

As described further in Note I to the financial statements, L.A. IMPACT changed its method of revenue recognition from 60 days to 6 months for the fiscal year ended June 30, 2008.



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Los Angeles Interagency Metropolitan  
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In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2009 on our consideration of the L.A. IMPACT's OES Grant Program internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman McCann P.C.*

Irvine, California  
February 6, 2009

**LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE  
OFFICE OF EMERGENCY SERVICES GRANT PROGRAM**

**BALANCE SHEET**

June 30, 2008

	Grants			Total
	<u>DC07138569</u>	<u>AG07018569</u>	<u>US07018569</u>	
<b><u>ASSETS</u></b>				
Grant receivable	\$ 227,982	52,200	152,143	432,325
Total assets	<u>\$ 227,982</u>	<u>52,200</u>	<u>152,143</u>	<u>432,325</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
LIABILITIES:				
Accounts payable	\$ 53,735	52,200	152,143	258,078
Deferred revenues	<u>-</u>	<u>52,200</u>	<u>-</u>	<u>52,200</u>
Total liabilities	53,735	104,400	152,143	310,278
Fund balance (deficit)	<u>174,247</u>	<u>(52,200)</u>	<u>-</u>	<u>122,047</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 227,982</u>	<u>52,200</u>	<u>152,143</u>	<u>432,325</u>

See accompanying notes to the financial statements.

**LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE  
OFFICE OF EMERGENCY SERVICES GRANT PROGRAM**

**STATEMENT OF REVENUES AND EXPENDITURES**

Year Ended June 30, 2008

	Grant				Totals
	DC06126850	DC07138569	AG07018569	US07018569	
REVENUE:					
Intergovernmental	\$ 53,873	1,484,839	-	152,143	1,690,855
TOTAL REVENUES	53,873	1,484,839	-	152,143	1,690,855
EXPENDITURES:					
Operating	-	1,310,268	52,200	152,143	1,514,611
Equipment	-	324	-	-	324
TOTAL EXPENDITURES	-	1,310,592	52,200	152,143	1,514,935
Excess (deficiency) of revenue over expenditures	53,873	174,247	(52,200)	-	175,920
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(53,873)	-	-	-	(53,873)
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	174,247	(52,200)	-	122,047

See accompanying notes to financial statements.



**LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE  
OFFICE OF EMERGENCY SERVICES GRANT PROGRAM  
NUMBER DC07138569**

**STATEMENT OF REVENUE AND EXPENDITURES -  
BUDGET AND ACTUAL**

Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUE:			
Intergovernmental	\$ 1,297,274	1,484,839	187,565
EXPENDITURES:			
Operating	1,272,274	1,310,268	(37,994)
Equipment	<u>25,000</u>	<u>324</u>	<u>24,676</u>
TOTAL EXPENDITURES	<u>1,297,274</u>	<u>1,310,592</u>	<u>(13,318)</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>174,247</u>	<u>174,247</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>174,247</u></u>	<u><u>174,247</u></u>

See accompanying notes to financial statements.

**LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE  
OFFICE OF EMERGENCY SERVICES GRANT PROGRAM  
NUMBER AG07018569**

**STATEMENT OF REVENUE AND EXPENDITURES -  
BUDGET AND ACTUAL**

Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUE:			
Intergovernmental	<u>\$ 100,000</u>	<u>-</u>	<u>(100,000)</u>
EXPENDITURES:			
Operating	88,000	52,200	35,800
Equipment	<u>12,000</u>	<u>-</u>	<u>12,000</u>
TOTAL EXPENDITURES	<u>100,000</u>	<u>52,200</u>	<u>47,800</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>(52,200)</u>	<u>(52,200)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>(52,200)</u>	<u>(52,200)</u>

See accompanying notes to financial statements.

**LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE  
OFFICE OF EMERGENCY SERVICES GRANT PROGRAM  
NUMBER US07018569**

**STATEMENT OF REVENUE AND EXPENDITURES -  
BUDGET AND ACTUAL**

Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUE:			
Intergovernmental	<u>\$ 200,000</u>	<u>152,143</u>	<u>(47,857)</u>
EXPENDITURES:			
Operating	188,000	152,143	35,857
Equipment	<u>12,000</u>	<u>-</u>	<u>12,000</u>
TOTAL EXPENDITURES	<u>200,000</u>	<u>152,143</u>	<u>47,857</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

See accompanying notes to financial statements.

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**LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE**

**OFFICE OF EMERGENCY SERVICES**

Notes to Financial Statements

Year Ended June 30, 2008

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Measurement Focus and Basis of Accounting:**

The accompanying financial statements for the Office of Emergency Services Grant Program of the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT) have been prepared on the modified accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Revenue Recognition:**

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, L.A. IMPACT considers revenues to be available if they are collected within 6 months after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Office of Emergency Services Grant Program:**

Under this program, the State Government distributes funds based upon approved applications to eligible local governmental units for purposes of law enforcement.

**Reimbursement of Funds:**

Program expenditures are initially paid by checks drawn against L.A. IMPACT reimbursement requests from the Office of Emergency Services (OES) from the entitlement of funds provided under the Office of Emergency Services Grant Program.

**LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE**

**OFFICE OF EMERGENCY SERVICES**

Notes to Financial Statements

(Continued)

**2. DEFERRED REVENUE:**

Deferred revenue represents grant revenue (expenditure reimbursements) not received within 6 months of year end. Therefore, the revenue does not meet the availability criteria described in Note I above.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE OFFICE OF  
EMERGENCY SERVICES GRANT PROGRAM FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Executive Board  
Los Angeles Interagency Metropolitan  
Police Apprehension Crime Task Force

We have audited the financial statements of the Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force, (L.A. IMPACT) of the Office of Emergency Services Grant Programs as of and for the year ended June 30, 2008 for the grants and period noted below, and have issued our report thereon dated February 9, 2009.

<u>Grant Number</u>	<u>Grant Period</u>
DC07138569	07-01-07-06-30-08
AG07018569	10-01-07-09-30-08
US07018569	10-01-07-09-30-08

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* by the Comptroller General of the United States and with certain provisions of the *OES Grant Recipient Handbook*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the L.A. IMPACT's Office of Emergency Services Grant Programs' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of L.A. IMPACT's Office of Emergency Services Grant Programs' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of L.A. IMPACT's Office of Emergency Services Grant Program, internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control



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Los Angeles Interagency Metropolitan  
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deficiency, or a combination of control deficiencies, that adversely affects L.A. IMPACT Office of Emergency Services Grant Program's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of L.A. IMPACT Office of Emergency Services Grant Program's financial statements that is more than inconsequential will not be prevented or detected by L.A. IMPACT Office of Emergency Services Grant Program's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by L.A. IMPACT Office of Emergency Services Grant Program's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether L.A. IMPACT Office of Emergency Services Grant Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Executive Board and management of L.A. IMPACT and L.A. IMPACT's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*

Irvine, California  
February 6, 2009



LOS ANGELES INTERAGENCY METROPOLITAN  
POLICE APPREHENSION CRIME TASK FORCE

OFFICE OF EMERGENCY SERVICES GRANT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

I. FINDINGS AND QUESTIONED COSTS

2008-1 Audit Adjustments

In accordance to paragraph 19 of the Statement on Auditing Standards No. 112 ("SAS 112"), "identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control. This includes misstatements involving estimation and judgment for which the auditor identifies likely material adjustments and corrections of the recorded amount." The following adjustments were made to the L.A. IMPACT's financial statements as a result of our audit:

- To record prior year reversal of revenue to deferred revenue related to the High Intensity Drug Trafficking Area (HIDTA) grant that was not previously recorded by L.A. IMPACT, which affected beginning net assets if not recorded in the amount of \$298,770.
- To record the prior year reversal and current year expenditure of accounts payable related to the Consolidated Priority Organizational Target (CPOT 2003) grant that was not previously recorded by L.A. IMPACT, which affected beginning net assets if not recorded in the amount of \$52,926.
- To record additional accrual in the amount of \$56,724 for services received in before June 30, 2008.
- To record additional receivable and deferred revenue for expenditures incurred and claimed for reimbursement, but not yet available in the amount of \$52,200.

Management's Response for Corrective Action Planned

Management and Financial staff at L.A. IMPACT have reviewed the above identified "audit adjustments" and accepted responsibility to correct the inaccuracies. LA IMPACT financial staff has already met with the City of La Verne Financial staff ("City") to coordinate a plan to ensure accurate accounting records are maintained in the future.

Upon review of the findings, coupled with discussions with the auditors during the process, LA IMPACT and the City concluded the deficiencies occurred as a result of LA IMPACT not communicating in a timely manner to the City regarding the requests for significant grant reimbursements that were submitted (but not received) during the reporting period. These unrecorded "receivables" significantly impacted the overall financial statements of LA IMPACT.

To ensure future coordination and communication, La Verne Finance has agreed to provide LA IMPACT with year-end closure guidelines consistent with La Verne practices, and conduct / participate in "pre-audit" meetings to ensure financial records are accurate and consistent.

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